

### Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is the HB 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00	7.00
Personal Services	374,214	58,146	12,138	444,498	58,441	31,119	463,774	908,272
Operating Expenses	198,491	31,833	35,487	265,811	3,118	35,487	237,096	502,907
Grants	452,330	10,054	44,513	506,897	14,747	44,513	511,590	1,018,487
Transfers	0	0	100,275	100,275	0	0	0	100,275
<b>Total Costs</b>	<b>\$1,025,035</b>	<b>\$100,033</b>	<b>\$192,413</b>	<b>\$1,317,481</b>	<b>\$76,306</b>	<b>\$111,119</b>	<b>\$1,212,460</b>	<b>\$2,529,941</b>
General Fund	286,250	40,106	184,237	510,593	14,655	90,061	390,966	901,559
State/Other Special	158,801	22,177	4,108	185,086	23,901	10,582	193,284	378,370
Federal Special	579,984	37,750	4,068	621,802	37,750	10,476	628,210	1,250,012
<b>Total Funds</b>	<b>\$1,025,035</b>	<b>\$100,033</b>	<b>\$192,413</b>	<b>\$1,317,481</b>	<b>\$76,306</b>	<b>\$111,119</b>	<b>\$1,212,460</b>	<b>\$2,529,941</b>

### Agency Description

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, expands state cultural resources, and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic Project grants, other grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

### Agency Highlights

Montana Arts Council Major Budget Highlights
<p>The \$2.5 million 2007 legislative budget exceeds the FY 2004 base budget by \$480,000 to fund:</p> <ul style="list-style-type: none"> <li>◆ New Proposals of \$303,500: <ul style="list-style-type: none"> <li>• \$43,200 to implement the pay plan adopted in HB 447</li> <li>• \$10,000 for E-grants and a Data Base system</li> <li>• \$100,300 to augment Cultural and Aesthetic grants</li> <li>• \$150,000 to restore funding eliminated in the 2003 session</li> </ul> </li> <li>◆ Statewide and other present law adjustments of \$176,300 to fund: <ul style="list-style-type: none"> <li>• \$15,500 for increased rent and equipment replacement</li> <li>• \$24,800 for increased authority to spend federal funds</li> <li>• \$41,700 for administrative cost adjustments</li> <li>• \$94,300 in statewide present law adjustments</li> </ul> </li> </ul>

### Summary of Legislative Action

The largest portion of the budget increase approved by the legislature is due to the restoration of general fund that was eliminated in the 2003 session, implementation of the HB 447 pay plan, one-time-only funding for an E-grants and Data Base System, and additional Cultural and Aesthetic Grants.

The legislature also approved statewide and other present law increases for increased rent, equipment replacement, increased authority to spend federal funds, and administrative cost adjustments in addition to statewide present law adjustments of \$94,300 over the biennium for personal services and fixed costs.

### Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	
Personal Services	374,214	432,360	444,498	12,138	432,655	463,774	31,119	43,257
Operating Expenses	198,491	190,324	265,811	75,487	161,609	237,096	75,487	150,974
Grants	452,330	462,384	506,897	44,513	467,077	511,590	44,513	89,026
Transfers	0	40,000	100,275	60,275	0	0	0	60,275
<b>Total Costs</b>	<b>\$1,025,035</b>	<b>\$1,125,068</b>	<b>\$1,317,481</b>	<b>\$192,413</b>	<b>\$1,061,341</b>	<b>\$1,212,460</b>	<b>\$151,119</b>	<b>\$343,532</b>
General Fund	286,250	356,356	510,593	154,237	290,905	390,966	100,061	254,298
State/Other Special	158,801	165,978	185,086	19,108	167,702	193,284	25,582	44,690
Federal Special	579,984	602,734	621,802	19,068	602,734	628,210	25,476	44,544
<b>Total Funds</b>	<b>\$1,025,035</b>	<b>\$1,125,068</b>	<b>\$1,317,481</b>	<b>\$192,413</b>	<b>\$1,061,341</b>	<b>\$1,212,460</b>	<b>\$151,119</b>	<b>\$343,532</b>

The legislature increased the executive budget by \$343,500 over the biennium for: 1) \$150,000 to replace funding that was eliminated through general fund reductions made in the 2003 session comprising \$30,000 in the Arts Education program, \$54,000 for Arts Business Services operations, \$32,000 of eliminated grants to local communities, and \$34,000 of unspecified reductions; 2) \$90,000 to support salary increases resulting from the agency's change to the broadband pay plan to help retain and/or recruit quality staff; 3) \$43,250 to implement the 2007 biennium pay plan; and \$60,275 to augment Cultural and Aesthetic grants.

### Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

Program Funding Table Promotion Of The Arts							
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 286,250	27.9%	\$ 510,593	38.8%	\$ 390,966	32.2%
	01100 General Fund	286,250	27.9%	510,593	38.8%	390,966	32.2%
02000	Total State Special Funds	158,801	15.5%	185,086	14.0%	193,284	15.9%
	02009 Cultural And Aesthetic Project	158,801	15.5%	185,086	14.0%	193,284	15.9%
03000	Total Federal Special Funds	579,984	56.6%	621,802	47.2%	628,210	51.8%
	03016 Nea Funds-Basic State Grant	523,086	51.0%	564,904	42.9%	571,312	47.1%
	03017 Nea Funds-Arts In Education	56,898	5.6%	56,898	4.3%	56,898	4.7%
Grand Total		<u>\$ 1,025,035</u>	<u>100.0%</u>	<u>\$ 1,317,481</u>	<u>100.0%</u>	<u>\$ 1,212,460</u>	<u>100.0%</u>

The Montana Arts Council is funded with a combination of general fund, state special revenue from cultural & aesthetic (C&A) trust fund interest earnings, and federal funds from the National Endowment for the Arts (NEA).

General fund supports administration, legislative audit costs, general art programs in local schools and communities throughout Montana, and additional Cultural and Aesthetic Grant funds.

The coal severance tax fund shared account supports the Montana Arts Council's administration of the cultural trust activities and its Folklife Program, which supports Montana's traditional and native arts and cultures. Interest earnings from the corpus of the cultural trust support the Cultural and Aesthetic Program projects.

### Other Legislation

House Bill 9 - This bill establishes priorities and appropriates funds for cultural and aesthetic grant projects administered by the Montana Arts Council. The bill appropriates \$100,275 from general fund and \$1,053,404 state special revenue funds from the Cultural and Aesthetic Trust Fund interest earnings in the 2007 biennium. In addition, \$378,370 is appropriated in HB 2 to fund the council's administrative expenses associated with cultural and aesthetic projects as well as the Folklife Program. The bill also appropriates funds for the Cultural and Aesthetic Project Grant awards and allows for the re-appropriation of the grant amounts should money in the cultural and aesthetic projects account prove insufficient to fund approved projects in the 2007 biennium. For further information and a complete list of the grant awards, see the Long Range Planning section of this volume.

Senate Bill 69 - This bill establishes the honorary position of State Poet Laureate and directs the Montana Arts Council to provide the Governor a list of nominees. The inaugural list should be complete by July 1, 2005 and the Governor is directed to appoint a state poet laureate within the following 30 days.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				52,996						52,891
Inflation/Deflation				(213)						(205)
Fixed Costs				4,034						(15,208)
Total Statewide Present Law Adjustments				\$56,817						\$37,478
DP 1 - Rent Increase										
0.00	158	242	158	558		0.00	1,008	1,602	1,008	3,618
DP 2 - Equipment Replacement										
0.00	6,428	0	0	6,428		0.00	4,902	0	0	4,902
DP 4 - Federal Funds Increase										
0.00	0	0	10,054	10,054		0.00	0	0	14,747	14,747
DP 5 - Administrative Cost Adjustments										
0.00	12,597	2,319	11,260	26,176		0.00	7,089	2,719	5,753	15,561
Total Other Present Law Adjustments										
0.00	\$19,183	\$2,561	\$21,472	\$43,216		0.00	\$12,999	\$4,321	\$21,508	\$38,828
Grand Total All Present Law Adjustments				\$100,033						\$76,306

DP 1 - Rent Increase - The legislature approved an annual 3 percent increase in rent as negotiated in the lease with the City-County Administration and the Department of Administration. The \$4,176 cost of rent is split \$1,166 general fund, \$1,844 state special revenue fund, and \$1,166 federal funds over the biennium. The increase from FY 2006 to FY 2007 is due to the termination of a grant award that partially paid for past rent.

DP 2 - Equipment Replacement - The legislature approved \$11,330 of general fund for computer replacement of four personal computers, two laptops, and two printers.

DP 4 - Federal Funds Increase - The legislature approved authority to spend the increase in federal special revenue allocated by the National Endowment for Arts for Challenge America purposes. The Arts Council will award these funds as grants to local agencies.

**DP 5 - Administrative Cost Adjustments** - The legislature approved \$19,686 general fund, \$5,038 state special revenue, and \$17,013 federal funds over the biennium to reestablish per diem for the council and the Cultural & Aesthetic Projects and Citizens Advisory Panel, as well as basic adjustments to professional services, legal fees, printing, in-state lodging, and costs associated with updating the council's state and federally required strategic plan. Funding also provides for mid-tier processing and local area network administration from the Information Technology Services Division for approximately \$9,700 over the biennium.

### New Proposals

New Proposals										
Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 3 - E-Grants and Data Base System - OTO										
01	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
DP 100 - Reinstatement funding eliminated in 2003 session										
01	0.00	75,000	0	0	75,000	0.00	75,000	0	0	75,000
DP 6010 - 2007 Biennium Pay Plan - HB 447										
01	0.00	3,962	4,108	4,068	12,138	0.00	10,061	10,582	10,476	31,119
DP 7001 - Additional Grant Money for Loss of C&A Int. - OTO										
01	0.00	100,275	0	0	100,275	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$184,237</b>	<b>\$4,108</b>	<b>\$4,068</b>	<b>\$192,413</b>	<b>0.00</b>	<b>\$90,061</b>	<b>\$10,582</b>	<b>\$10,476</b>	<b>\$111,119</b>

**DP 3 - E-Grants and Data Base System - OTO** - The legislature approved \$10,000 of general fund over the biennium as a one-time-only, restricted appropriation for the Information Technology Services Division proposal to develop and design a data base and e-grants system for the Arts Council.

**DP 100 - Reinstatement funding eliminated in 2003 session** - The legislature added \$150,000 of general fund over the biennium to replace funding that was eliminated in the 2003 session for: 1) \$30,000 of the Arts Education program; 2) \$54,000 for the Arts Business Services operations; 3) \$32,000 of eliminated grants to local communities; and 4) \$34,000 of unspecified reductions.

**DP 6010 - 2007 Biennium Pay Plan - HB 447** - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

**DP 7001 - Additional Grant Money for Loss of C&A Int. - OTO** - The legislature approved a \$100,275 one-time-only, biennial, restricted general fund transfer to the Cultural & Aesthetic (C&A) Project Fund to provide additional resources for C&A grants administered by the Montana Arts Council. These funds replace reduced interest from the use of the Cultural and Aesthetic Trust corpus. In 1997, the legislature approved \$3.9 million to purchase Virginia and Nevada City properties, and in 2005, the legislature approved a \$500,000 transfer in HB 9 to fund the Great Plains Dinosaur Park in Malta. DP 7001 contains \$40,000 to replace a portion of the interest lost as a result of the 1997 reduction to the corpus and \$60,275 to replace projected loss of interest due to the HB 9 transfer. (\$3.4 million was transferred from the general fund to the trust corpus in HB9 to replace funds transferred by the 1997 legislature.)

### Language

The legislature approved the following language for inclusion in HB2:

"All federal funds in [Montana Arts Council] are biennial appropriations."